

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket Nos. 7359–7372

Investigations into the 2007 Integrated Resource )  
Plan filings by 14 Municipal Electric )  
Departments )

Order entered: 4/6/2010

**PROCEDURAL ORDER RE: APPROVAL OF INTEGRATED RESOURCE PLANS**

The Department of Public Service ("Department") filed a letter on February 16, 2010, indicating that it would need to hire outside contractors to complete the review of the Integrated Resource Plans ("IRPs") filed by the 14 municipal electric departments<sup>1</sup> in these proceedings, and that it would bill back the costs of the contractors to the affected utilities.

At a status conference held on February 18, 2010, the parties to these proceedings requested guidance on whether they should continue to pursue approval of the IRPs from the Public Service Board ("Board"), in light of the potential costs that would be involved with the Department's retention of outside consultants.

In order to inform that guidance, in a memorandum issued on February 25, 2010, we requested that the Department provide an estimate of the costs associated with an outside consultant (or consultants) conducting the reviews of the Transmission and Distribution ("T&D") portions of the IRPs. The February 25 memorandum also encouraged the parties to file any comments they believe relevant to the guidance that the parties have requested.

On March 12, 2010, the Department filed a letter providing a "rough" estimate of the costs that would be incurred to review the T&D portion of an IRP for an "average" municipal

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1. The 14 municipal utilities includes: Barton Village Inc. Electric Department; Village of Enosburg Falls Water & Light Department; Town of Hardwick Electric Department; Village of Hyde Park Electric Department; Village of Jacksonville Electric Company; Village of Johnson Water & Light Department; Village of Ludlow Electric Light Department; Village of Lyndonville Electric Department; Village of Morrisville Water & Light Department; Village of Northfield Electric Department; Village of Orleans Electric Department; Town of Readsboro Electric Light Department; Town of Stowe Electric Department; and Swanton Village, Inc. Electric Department.

utility. The Department estimated a total cost of \$140,000 for the 14 municipal systems, with an average cost of \$10,000 per system. No other parties filed a response to the February 25 memorandum.

We conclude that these dockets should proceed to review, and consider approval of, the 14 municipal IRPs. We reach this conclusion for two reasons. First, Vermont statute clearly contemplates not only that electric utilities must file IRPs, but also that the IRPs should be reviewed and, if warranted, approved by the Board. Section 218c(b) of Title 30 provides;

(b) Each regulated electric or gas company shall prepare and implement a least cost integrated plan for the provision of energy services to its Vermont customers. Proposed plans shall be submitted to the department of public service and the public service board. The board, after notice and opportunity for hearing, may approve a company's least cost integrated plan if it determines that the company's plan complies with the requirements of subdivision (a)(1) of this section.

We do not construe the "may approve" language to mean that Board review of a submitted IRP is optional. Instead, the better reading of the language is that, upon review, an IRP should not automatically be approved, but rather should be approved only if warranted under the requirements of Section 218c.

This conclusion is reinforced by the requirement of 30 V.S.A. § 248(b)(6), which provides that before approving a project, investment or contract that requires a certificate of public good under Section 248, the Board must find that "with respect to purchases, investments, or construction by a company, is consistent with the principles for resource selection expressed in that company's *approved* least cost integrated plan . . ." (emphasis added). Thus, the statute that governs review and approval of significant utility projects, investments, and contracts expressly contemplates that the utility should have an approved IRP.

Second, sound reasons of public policy call for review of utilities' IRPs. Integrated resource planning not only is required by Section 218c, but also is a key mechanism for promoting the state's energy policy, articulated in 30 V.S.A. § 202a:

**§ 202a. State energy policy**

It is the general policy of the state of Vermont:

(1) To assure, to the greatest extent practicable, that Vermont can meet its energy service needs in a manner that is adequate, reliable, secure and sustainable; that assures affordability and encourages the state's economic vitality, the efficient

use of energy resources and cost effective demand side management; and that is environmentally sound.

(2) To identify and evaluate on an ongoing basis, resources that will meet Vermont's energy service needs *in accordance with the principles of least cost integrated planning*; including efficiency, conservation and load management alternatives, wise use of renewable resources and environmentally sound energy supply. (Emphasis added.)

While there is undoubtedly significant benefit to the utilities and their customers from preparing an IRP, a careful independent review of the IRP can provide substantial additional benefit, and can ensure that the utilities' work-product satisfies the requirements of Section 218c and appropriately promotes the state's energy policies.

We are mindful of the costs that are likely to be incurred by the Department, and possibly billed back to the municipal utilities, if these dockets proceed with a review of the 14 IRPs. However, based on the Department's March 12 cost estimate, and in light of the statutory and policy bases for proceeding with the review, we conclude that those costs are not so great that they should deter a review of these 14 IRPs.

For these reasons we conclude that these dockets will proceed with a review of the 14 municipal IRPs. The parties are directed to file, by April 23, 2010, proposed schedules for review of the 14 IRPs. The parties are encouraged to work together to attempt to develop mutually agreeable proposed schedules. Also, the parties should consider whether there are pragmatic reasons for certain of the municipal IRPs to be reviewed on the same or similar schedules.

**SO ORDERED.**

Dated at Montpelier, Vermont, this 6<sup>th</sup> day of April, 2010.

s/Kurt Janson

Kurt Janson  
Hearing Officer

s/Mary Jo Krolewski

Mary Jo Krolewski  
Hearing Officer

s/Andrea McHugh

Andrea McHugh  
Hearing Officer

OFFICE OF THE CLERK

FILED: April 7, 2010

ATTEST: s/Susan M. Hudson

Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)*